

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2013-47-W**

**In the Matter of:**

**Application of AAA Utilities, Inc. for                    )  
Adjustment of Rates and Charges and                    )  
Modifications to Certain Terms and Conditions        )  
for the Provision of Water Service                     )  
\_\_\_\_\_)**

**SETTLEMENT TESTIMONY**

**OF**

**RONALD J. SWEARINGEN**

1    **Q.     PLEASE STATE YOUR NAME, PRESENT POSITION AND BUSINESS**  
2    **ADDRESS.**

3    A.     My name is Ronald J. (Jay) Swearingen. I am the Vice President of AAA Well  
4    Drilling, Inc. My business address is 3071 Highway 6, Lexington, South Carolina 29073.

5    **Q.     HAVE YOU PREVIOUSLY OFFERED TESTIMONY IN THIS DOCKET?**

6    A.     Yes. I have offered direct testimony in this docket.

7    **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8    A.     The purpose of my testimony is to support the Settlement Agreement between AAA  
9    Utilities, Inc. ("AAA") and the Office of Regulatory Staff ("ORS").

10   **Q.     PLEASE DESCRIBE THE SETTLEMENT AGREEMENT BETWEEN THE ORS**  
11   **AND AAA.**

12   A.     The Parties have agreed to a settlement which generates \$40,402 in additional revenue to  
13   AAA. In particular, AAA agrees to accept a 15.63% operating margin as can be found in Audit  
14   Exhibit JWC-1.

15   **Q.     DO YOU BELIEVE THE SETTLEMENT IS FAIR AND REASONABLE TO**  
16   **ALL OF THE PARTIES AND TO AAA AND AAA'S CUSTOMERS?**

17   A.     Yes. The ORS has conducted a thorough audit of AAA's Application in this  
18   Docket. In addition, the ORS has provided AAA invaluable insight and assistance with its  
19   operations as a regulated utility.

20   **Q.     HOW DOES THE SETTLEMENT AFFECT AAA'S OVERALL FINANCIAL**  
21   **PERFORMANCE AND HEALTH?**

1 A. AAA was last granted a rate increase by Order No. 1995-1579 dated October 23, 1995.

2 The Settlement will give AAA a better opportunity to earn its authorized return and generate  
3 additional investment in its water systems.

4 **Q. WHAT ARE SOME OF THE BENEFITS OF SETTTLING THE MATTER?**

5 A. Settlement has the benefit of providing the utility and its customers with certainty.

6 Moreover, rate case expenses in a fully litigated docket can prove to be a substantial cost which  
7 the utility must pass on to its customers

8 **Q. WHAT RATES RESULT FROM THE PARTIES' SETTLEMENT?**

9 A. As can be seen from Settlement Agreement Exhibit 1, the parties have agreed to a flat rate

10 of \$25.00 per month, where applicable, for residential water service. The parties further agreed

11 upon a base facility charge of \$11.00 per month and a commodity charge of \$3.50 per 1,000

12 gallons where applicable. The schedule of rates can be found at Settlement Agreement Exhibit

13 1. In addition, AAA purchases potable water from the Batesburg Leesville Department of Public

14 Works to serve the Lakeside Forest Subdivision and those bulk water contract rates have been

15 factored into the proposed rates found in Settlement Agreement Exhibit 1. AAA seeks approval

16 of a pass through provision of its tariff subject to the notification process established by the

17 Settlement Agreement.

18 **Q. DO YOU HAVE ANY ADDITIONAL REQUESTS OF THE COMMISSION AS A**  
19 **RESULT OF THE SETTLEMENT IN THIS DOCKET?**

20 A. Yes. Although AAA has entered a bulk water agreement with the Batesburg Leesville

21 Department of Public Works, regrettably AAA failed to have the agreement approved by this

22 Commission. AAA has no written agreement with the Batesburg Leesville Department of

1 Public Works. While Batesburg Leesville Department of Public Works has increased its rates to  
2 AAA, most recently in 2011, AAA has not passed these increases on to its customers but has  
3 continued to charge the affected customers the rates established by the 1995 Order. On behalf  
4 of AAA, I would request that the Commission authorize AAA to purchase potable water from  
5 the Batesburg Leesville Department of Public Works Town of Batesburg Leesville at the current  
6 rate, which has been factored into the proposed commodity charge rate found in Settlement  
7 Agreement Exhibit 1. See Settlement Testimony Exhibit RJS-1 attached. Hereafter, AAA will  
8 obtain approval by the Commission for any similar agreements and will provide the Commission  
9 and its customers with notice of any bulk water rate increase as required by the Parties'  
10 Settlement Agreement.

11 **Q. DO YOU HAVE A RECOMMENDATION TO THE COMMISSION IN THIS**  
12 **DOCKET?**

13 A. Yes. I would respectfully submit that the Settlement Agreement between the ORS  
14 and AAA in this Docket is fair and reasonable and in the public interest and would urge the  
15 Commission to approve the Settlement Agreement.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes. I thank the Commission for hearing us out this morning.